

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 812 - HB 1278

March 16, 2009

SUMMARY OF BILL: Requires the Director of the Division of Consumer Affairs in the Department of Commerce and Insurance to register and regulate providers of debt management services. Defines registration requirements. Requires registrants to file and maintain a minimum of \$250,000 insurance coverage against fraud, dishonesty, and theft, as well as maintain a minimum \$50,000 surety bond. Deletes the section governing debt adjusting from the Tennessee Consumer Protection Act of 1977.

ESTIMATED FISCAL IMPACT:

**Increase State Revenue - \$62,500/One-Time
\$75,000/Recurring**

**Increase State Expenditures - \$18,600/One-Time
\$241,800/Recurring**

**Increase Local Revenue – Not Significant
Increase Local Expenditures – Not Significant**

Assumptions:

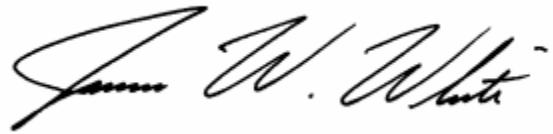
- An initial registration fee and annual renewal fee of \$250 per registrant. A total of 250 registrants with 50 new registrants per year.
- The Division of Consumer Affairs in the Department of Commerce and Insurance will require additional staff. The addition personnel will consist of one staff attorney, one consumer protection specialist, and two licensing technicians.
- The one-time increase in state revenue is estimated to be \$62,500 (\$250 registration fee x 250 applicants).
- The recurring increase in state revenue is estimated to be \$75,000 [\$62,500 (\$250 renewal fee x initial 250 applicants)+ \$12,500 (\$250 registration fee x 50 new applicants in the second year)] and an increase of \$12,500 each subsequent year based on 50 new applicants each year.
- The one-time increase in state expenditures is estimated to be \$18,600 (\$5,600 computer costs + \$8,000 office landscaping + \$5,000 Office of Information Resources).

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- The recurring increase in state expenditures are estimated to be \$241,776.48 (\$138,072 salaries + \$46,604.48 benefits + \$44,800 administrative cost allocation + \$4,300 network costs + \$4,000 computer replacement fund with Finance and Administration + \$4,000 supplies and communication).
- A small increase in cases in the court system, which will result in additional state and local government expenditures for processing the cases and additional state and local government revenue from fees, taxes, and costs collected. These expenditures and revenue are estimated to be not significant.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible.

James W. White, Executive Director

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